

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF OHIO
WESTERN DIVISION

VIVIAN BERT, et al.	:	Case No. C-1-02-467
	:	
Plaintiffs,	:	Judge Beckwith
	:	
v.	:	Magistrate Judge Hogan
	:	
AK STEEL CORPORATION	:	DECLARATION OF
	:	<u>PHYLLIS A. SHORT</u>
Defendant.	:	
	:	

Phyllis A. Short truthfully states that she is competent to testify if called and she further truthfully states as follows:

1. I am General Manager, Human Resources for AK Steel Corporation (“AK Steel” or “the Company”). I have more than 30 years service with the Company, most of which has been spent in the human resources field. From 1999-2004 I was Manager, Human Resources at the Company’s Middletown Works. Among my responsibilities in that job was the responsibility for hiring hourly employees.

2. AK Steel is an integrated steel manufacturer headquartered in Middletown, Ohio. Our affirmative action plans have been approved by the Office of Federal Contract Compliance Programs (“OFCCP”). AK Steel operates steel making and finishing plants located in Ashland, Kentucky; Coschocton, Mansfield, Middletown, and Zanesville, Ohio; Butler, Pennsylvania; and Rockport, Indiana. The Company produces flat-rolled carbon, stainless and electrical steel products, as well as carbon and stainless tubular steel products, for automotive, appliance, construction and manufacturing markets. This is a demanding, competitive and high technology

industry subject to continued productivity improvement demands and where safety is a foremost concern.

3. With our high quality work forces, AK Steel has been named one of “America’s Most Admired Companies” in *Fortune* magazine. *Fortune* makes this distinction by rating such factors as innovation, employee talent, use of corporate assets and social responsibility. The Company’s goal is always to lead the integrated steel industry in safety, quality and productivity, which we regularly do. AK Steel is far and away number one in the integrated steel industry in safety – lost work hours due to injury is less than half what other integrated steel companies report.

4. We believe that top flight hourly work forces are key to further these safety, quality and productivity goals. We have achieved a number of our goals. For 2004, the Company’s employees earned the top spot for Overall Customer Satisfaction, rated by customers themselves, among North American steel companies in an independent survey conducted by Jacobsen & Associates. In March of 2005, Toyota presented AK Steel with its “Regional Contribution Award” in ceremonies in Nagoya, Japan. AK Steel was one of only two North American suppliers, and the only steel maker world-wide to receive this prestigious recognition. And once again, Toyota Motor Manufacturing of North America recognized AK Steel employees with dual “superior quality” and “superior in delivery” awards for 2004 – the Company’s 11th consecutive year of dual awards, and its seventh consecutive year of earning the highest rating in both categories. In 2004, AK Steel was also honored with the “Award of Excellence” from Integris Metals, the Subaru “Presidential Award”, and was named in 2004 to *Quality Magazine’s* “Top 100” list, the only integrated steelmaker to make this list.

5. The top flight hourly work forces also have helped the Company win a number of awards for its safety record. The Middletown Works received two awards for workplace safety from the Southwestern Ohio Safety Council and the Ohio Bureau of Workers' Compensation, division of Safety and Hygiene for 2004. The awards are the Group Safety Award, presented to the company with the lowest incident rate in a safety council group in 2004, and a Special Award for outstanding effort in safety by working 6,923,299 hours in 2004 without a single lost-time injury.

6. In 2004, for the fifth consecutive year, employees of the Company's Middletown Works coke plant earned the Max Eward Safety Award, presented by the American Coke and Coal Chemicals Institute (ACCCI). The award recognizes the ACCCI-member coke plant in the United States having the best safety record during 2004. Middletown Works coke plant employees worked for five consecutive years without suffering a single lost-time injury. AK Steel's Ashland, Kentucky coke plant, also with an outstanding safety record, finished second in the competition for the 2004 Max Eward award.

7. AK Steel operates with certain huge cost disadvantages in that nearly all of our competitors in the integrated steel industry have filed for bankruptcy, eliminating legacy costs in pensions and retiree health costs that AK Steel continues to pay. Through the bankruptcy process, these competitors also were able to eliminate other major costs in the collective bargaining agreement that pre-dated their bankruptcies. In late 2003, AK Steel, in an effort to become more cost competitive in this new industry environment, implemented a hiring freeze on laborer positions at Middletown. We have not hired anyone at Middletown who applied after October, 2003. AK Steel's bargaining unit work force in Middletown, which had more than 3,100 hourly employees in 2002, now has fewer than 2,700 active hourly employees. We have

no plans to resume hiring. No hourly hiring is expected to occur in 2006 and there are no plans to resume hiring at any point in the foreseeable future.

8. The Company hires into labor reserve jobs at Ashland and Middletown. The jobs in question in this matter are not “laborer” jobs in the traditional sense. These “laborer” jobs are the safety sensitive entry level job for every job in each steel mill – there are no outside hires into hourly jobs other than into laborer positions (with the exception of Ashland where a few jobs other than labor reserve are filled directly from the outside). These “laborer” jobs are subject to assignment throughout the mill, and by the seniority these employees accumulate under their respective collective bargaining agreements they go on to fill other highly demanding, complicated jobs.

9. About 40% of the employees at each plant are highly skilled trade and craft repair personnel, and many of the other jobs require the skill and knowledge necessary to make and pour molten steel at several degrees into slabs that are then rolled into hot bands of steel of varying thicknesses. Employees cold roll these 20 to 30 ton bands of steel in the cold mill and then finish them in a variety of high technology different ways – annealing, pickling, electrogalvanizing, and other types of finishes before the steel is shipped to customers. All of this must be done by employees to meet the Company’s goals referenced above to lead the industry in safety, quality and productivity.

10. The Company hires with the expectation that an individual must be able to succeed not only as an entry-level “laborer,” but also in the many other safety sensitive, demanding, technical, skilled and leadership positions into which an individual is assigned pursuant to the seniority provisions of AK Steel’s collective bargaining agreements with the respective unions at its facilities.

11. Mapquest (www.mapquest.com) shows that Ashland, Kentucky, and Middletown, Ohio, are 177 miles apart. Middletown's work force is drawn from an urbanized area that is densely populated with manufacturing plants of all types. Ashland draws its work force from what is essentially the rural, agricultural hill country of eastern Kentucky.

12. The Middletown hiring process requires that in order to be considered, one must file an application through the Ohio Department of Job and Family Services ("ODJFS"). Those applications are then forwarded by ODJFS to the Middletown Works Human Resources Department, where applications are screened for (a) a high school degree or GED, (b) two years manufacturing experience, (c) no criminal history and (d) no prior employment by AK Steel (or its predecessor, Armco). Those whose applications indicate possession of these minimum qualifications and who are not otherwise deemed unsuitable for employment for a wide variety of reasons are invited to take a written test. Approximately 30% of applicants are screened out and not permitted to test. Those who pass the written test are interviewed in a non-structured interview process. Those selected through the interview process will undergo a background check. Finally, those who pass the background check are given an offer of employment, conditioned upon passing a physical examination. Of those who pass the test, only about 42% of applicants are hired.

13. I understand that Donald Edwards says he claimed he took a test given by Palmer Temps in August of 2001. We do not, and did not, test through outside agencies such as Palmer Temps. We have no records of Edwards taking our pre-employment test at any time. We have record of him applying in 1999 and 2000, and both times he did not meet our minimum qualifications and so he was not permitted to test. He did not meet the Middletown Works

requirements of possessing two years of manufacturing experience. We have no information that Edwards applied at Middletown in 2001 or that he was tested at any time.

I declare under penalty of perjury that the foregoing is true and correct. Executed on November 30, 2005.


Phyllis A. Short